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MEMORANDUM

To: All Covered Employers
From: Peggy G. Boykin, CPA 
Date: June 30, 2006
Subject: Requirement to Provide Additional Details Concerning Working Retiree Contributions

The South Carolina Supreme Court recently ordered the South Carolina Retirement System (SCRS) to refund employee contributions made by Teacher and Employee Retention Incentive (TERI) program participants who began their TERI participation prior to July 1, 2005. The Court mandated that refunds be made within 30 days of the Court's June 1, 2006, order.

To comply with the Court's 30-day mandate, SCRS issued the first checks today to TERI program participants who are entitled to refunds; however, by complying with the 30-day mandate, SCRS could be refunding contributions due to the system on working retiree wages.

The June 30th refund checks represent retired member contributions withheld and reported from July 1, 2005 through March 31, 2006. As you know, SCRS receives information identifying contributions to specific individuals only on a quarterly basis; therefore, TERI participants who had contributions withheld after March 31, 2006, will also receive a check after the Retirement Systems has processed the April 1, 2006 through June 30, 2006, quarterly contributions from employers. The second group of refund checks will be mailed by September 1, 2006.

Members who ended their TERI participation prior to July 1, 2006, and subsequently returned to covered employment as a working retiree have been instructed to notify SCRS of the date they returned to work. If any portion of the refund issued represents contributions made after termination from TERI, those contributions will be due back to SCRS.

As the responsible employer, you are also required to notify SCRS of any employee who was rehired after terminating participation in the TERI program. Although it has not historically been necessary for SCRS to capture such data on working retirees, in order to comply with the recent court ruling, you must now certify certain information as it relates to retirees who are re-employed after terminating TERI.

Terminated TERI participants have been identified and basic information is supplied on the enclosed *Retiree Return to Work Certification* forms. Please complete and return these forms to our office by **July 14, 2006**. You must appropriately identify retiree wage and contribution amounts reported or expected to be reported to the Retirement Systems for the quarter in which the employee terminated TERI and the quarter after TERI termination in order to sufficiently capture any payroll lag payments. Although total amounts only are required to be reported on your quarterly report, it is necessary to differentiate between TERI and post-TERI earnings for purposes of litigation.

We appreciate your assistance and cooperation. If you have any questions, I encourage you to contact our office at (800) 868-9002, (803) 737-6800, or cs@retirement.sc.gov.

Enclosures